

Message Text

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C O N F I D E N T I A L STATE 064983

AIDAC

SUBJECT: PROGRAM REVIEW - MULTILATERAL COORDINATION

1. WE HAVE REVIEWED A. I. D. DEVELOPMENT STRATEGY IN BOLIVIA WITH IDB AND WORLD BANK WHO CONCURRED IN OUR APPROACH AND BRIEFED US ON THEIR COUNTRY STRATEGIES. (WILL POUCH TO COY.) PRELIMINARY REVIEW INDICATES A. I. D., IDB AND WORLD BANK STRATEGIES ARE COMPLEMENTARY.

2. IDB - IN ADDITION TO COSTANZO MEETING DESCRIBED IN MARCH 28 KLEINE/ COY LETTER, FOLLOW- UP DISCUSSIONS WITH IDB OPERATIONS STAFF HAVE IDENTIFIED AGRICULTURE AS HIGHEST IDB PRIORITY, WITH SECOND PRIORITY IN PETROCHEMICALS AND HYDROCARBONS. IDB AGRICULTURAL ACTIVITY UNLIKELY FOR AT LEAST EIGHT MONTHS DUE TO " INSTITUTIONAL LIMITATIONS",
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I. E. DISSATISFACTION WITH ADMINISTRATIVE CAPABILITY OF BANCO AGRICOLA. BANK DIVIDED ON WHETHER ITS FUTURE AGRICULTURAL INTEREST SHOULD BE IN RURAL COMMUNITY DEVELOPMENT OR EXPORT CROPS.

3. IN PETROCHEMICALS, BANK STAFF HOPEFUL THAT \$40 MILLION YPFB LOAN CAN BE APPROVED CY 73. BANK CURRENTLY SEEKING BRITISH OR OTHER BILATERAL DONOR PARTICIPATION IN PROJECT. OTHER FUTURE POSSIBILITIES INCLUDE FERTILIZER AND INSECTICIDE PLANTS, OIL AND GAS PIPELINES. (FYI: THERE ARE STRONG RESERVATIONS WITHIN PARTS OF USG ON PROPOSED YPFB LOAN.)

4. LOWER PRIORITY AREA FOR IDB IS ROAD TRANSPORTATION. \$40 MILLION ORURO- QUILLACOLLO HIGHWAY LOAN PLANNED FOR LATE CY 73, BUT IDB UNABLE TO CONFIRM AVAILABILITY OF GOB CONTRIBUTION OF \$3-4 MILLION. AFTER WE INDICATED PROBABLE UNAVAILABILITY A. I. D. PROGRAM LOAN FUNDS, IDB INDICATED CAF, NORWAY AND ARGENTINA WOULD BE ASKED TO HELP. BANK CONSIDERING FEEDER ROADS FOR CY 74.

5. IDB HAS LIMITED INTEREST IN ANIMAL HEALTH, EDUCATION, AND MEDIUM- SIZE MINING CREDITS. ANY PROJECTS WOULD BE SMALL AND SCHEDULED FOR CY 74. DESPITE GOB REQUESTS FOR \$8 MILLION FOR TOPO-

GRAPHIC MAPPING AND \$4 MILLION FOR CENSUS, IDB APPARENTLY NOT SERIOUSLY INTERESTED EITHER PROJECT.

6. THREE- MAN IDB PROGRAMMING TEAM, HEADED BY PAUL COCAIRE, TO ARRIVE O/A APRIL 8. WILL CONTACT COY. EXECUTIVE VP COSTANZO HAS PRESUMABLY BEEN DISCUSSING PROGRAM DURING HIS VISIT, AND THIS COULD RESULT IN MODIFICATIONS.

7. IBRD/ IDA - COUNTRY STRATEGY CALLS FOR FY 74-78 PROGRAM OF 18 PROJECTS TALLING \$134 MILLION AS FOLLOWS: AGRICULTURE AND FORESTRY - \$44; MINING CREDITS AND MINERALS DEVELOPMENT - \$29; GAS PIPELINES - \$25; ELECTRIC POWER - \$17; RAIL TRANSPORT -\$13; AND REGIONAL DEVELOPMENT -\$6. FY 74 PROPOSALS ARE EMBOSA TIN TAILINGS, ENDE/ BPC PROJECTS, AND RAILWAYS. FY-74 INCLUDES MINING AND AGRICULTURAL CREDITS.

8. BANK INTENDS PLAY MAJOR ROLE AMONG EXTERNAL LENDERS IN MINING, POWER AND AGRICULTURE SECTOR. REGIONAL DEVELOPMENT PROGRAM
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(FY-76) DESIGNED AS PILOT PROGRAM OF RURAL WORKS " TO ALLEVIATE
POVERTY AMONG SEMI- SUBSISTENCE INDIAN PEASANTS," IN ORDER ADDRESS
UNEQUAL DISTRIBUTION OF INCOME PROBLEM IN BOLIVIA. (PER 3/29
MIDGE/ FREDERICK TELECON, BELIEVE BANK ANXIOUS MOVE FORWARD
ON POWER LOAN UPON RECEIPT APPROPRIATE CAPRILES LETTER.)

9. IN SUM, BELIEVE IDB, WORLD BANK AND AID STRATEGIES WILL
EMPHASIZE DIFFERENT PRIORITIES OVER NEXT 3-4 YEARS. ONLY COMMON
EMPHASIS IS AGRICULTURE IN WHICH CLOSE COORDINATION BY DONORS
WILL CONTINUE TO BE REQUIRED. ROGERS

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